

JOE WARDY  
Mayor



CITY COUNCIL

SUSAN AUSTIN  
DISTRICT NO. 1

ROBERT A. CUSHING, JR.  
DISTRICT NO. 2

JOSE ALEXANDRO LOZANO  
DISTRICT NO. 3

JOHN COOK  
DISTRICT NO. 4

DANIEL S. POWER  
DISTRICT NO. 5

PAUL J. ESCOBAR  
DISTRICT NO. 6

VIVIAN ROJAS  
DISTRICT NO. 7

ANTHONY COBOS  
DISTRICT NO. 8

To: Joyce Wilson, City Manager

Through: William A. Chapman, Chief Financial Officer *WAC*  
Carmen Arrieta-Candelaria, Comptroller *CA*

From: Blanca B. Lorkowski, Treasury Services Manager *BL*

Date: September 20, 2004

Subject: Quarterly Investment Report for the Period Ending August 31, 2004

Submitted for your review and acceptance is the City of El Paso fourth quarter investment report including documentation of investments held and evaluation of investment performance. The investment officers have complied with the Public Funds Investment Act, the City's Investment Policy, and adopted Investment Strategies. All funds were invested to meet cash flow requirements for operations, capital projects, and debt service payments.

During this quarter, the City did not bid any investments. Instead all funds available for investing were placed in the four investment pools in which the City participates. The four investment pools used by the City – TexStar, TexPool, Logic, and MBIA – yielded 1.380% for the quarter ended August 31, 2004.

The following is a summary comparison of selected information as of May 31, 2004 and August 31, 2004:

	<u>August 31, 2004</u>	<u>May 31, 2004</u>
Principal Invested	\$130,997,191.54	\$188,512,000.99
Portfolio Book Value	\$131,004,855.24	\$188,524,000.67
Portfolio Fair Value	\$131,035,466.54	\$188,550,275.99
Weighted Average Maturity	13 Days	13 Days

The yields on portfolio investments and representative market securities are:

	<u>August 31, 2004</u>
Investment Pools	1.380%
Average 3-month T-bill Rate	1.580%
Average 6-month T-bill Rate	1.775%
Average 6-month CD Rate	1.960%
City Average Portfolio Yield	1.380%

BBL \ quarterly report –August 31, 2004

COMPTROLLER DEPARTMENT

Two Civic Center Plaza • El Paso, Texas 79901-1198 • (915) 541-4435 • FAX (915) 541-4446

A handwritten signature in dark ink, likely belonging to the City Manager or a representative of the City of El Paso.

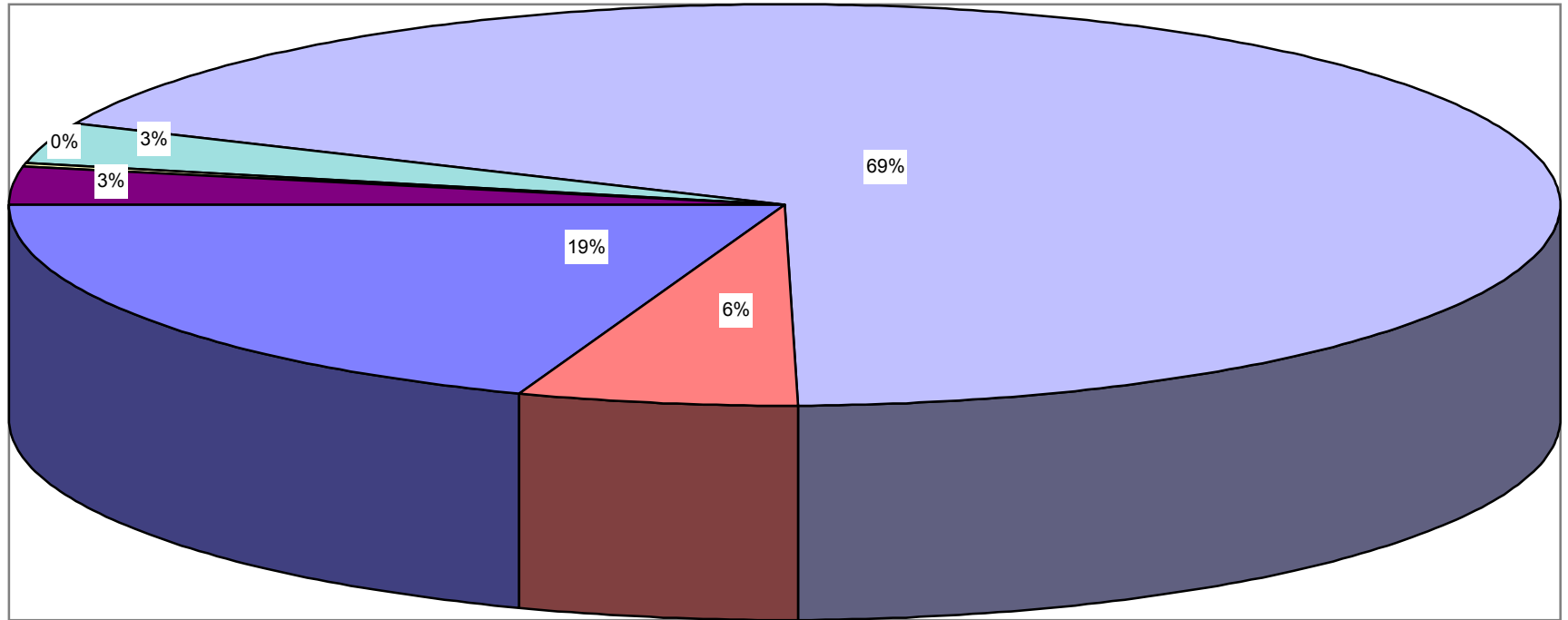
Attached are additional charts and tables portraying the City's portfolio and summarized reports of portfolio position required by the Texas Public Funds Investment Act.

The change in the average portfolio yield for the quarter was 25.2 basis points higher at the end of quarter compared to the beginning of the quarter. This increase is due to a favorable change in the market. This resulted in a yield for the quarter that is commensurate with the yield that would be expected of a 3-month T-bill.

ATTACHMENTS:

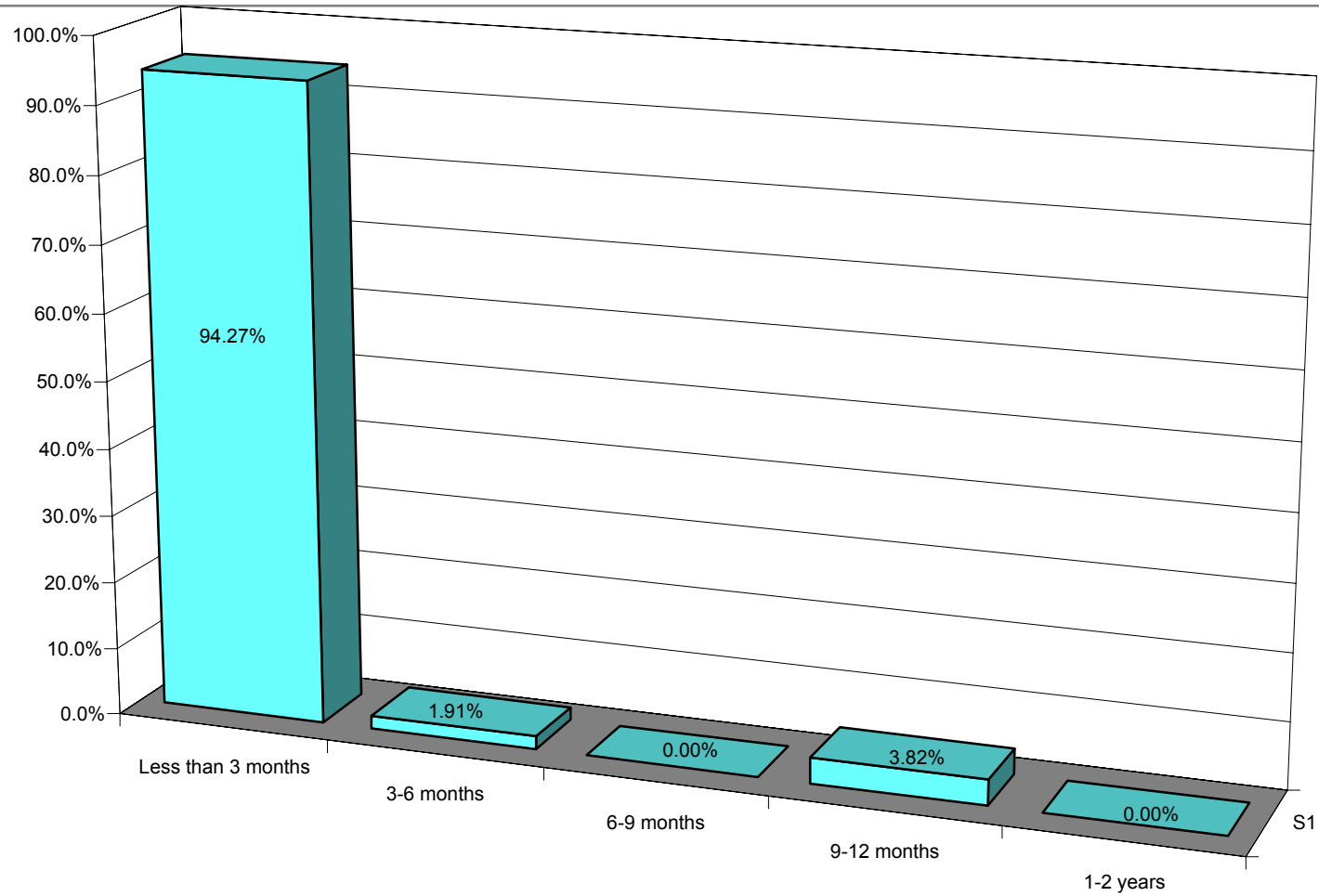
- Chart - City Portfolio by Investment Type
- Chart - Portfolio Maturity
- Chart - Treasury Benchmark Yield Analysis
- Chart - Portfolio Performance Comparison
- Report - Total Return
- Report - Texas Compliance Summary
- Report - Texas Compliance Details

City Portfolio by Investment Type  
As of August 31, 2004

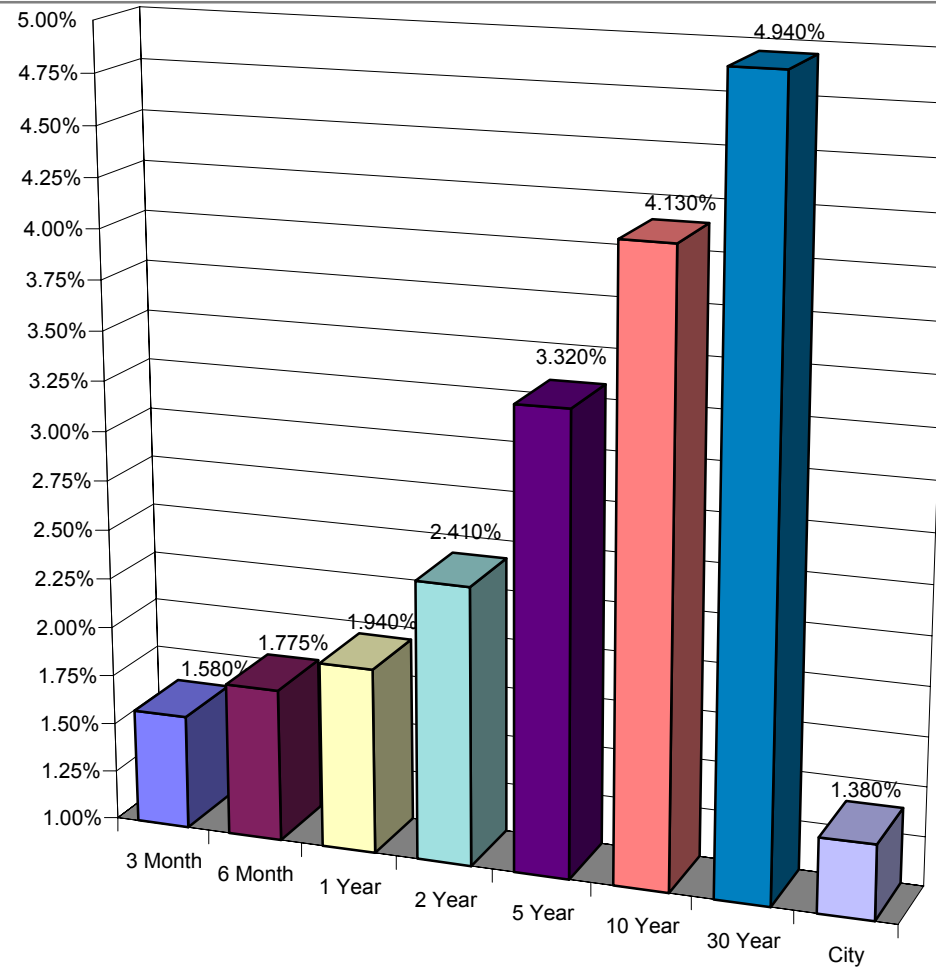


- MBIA
- Vista
- Logic Investment Pool
- Texpool Investment Pool
- Texstar Investment Pool
- Agency Notes

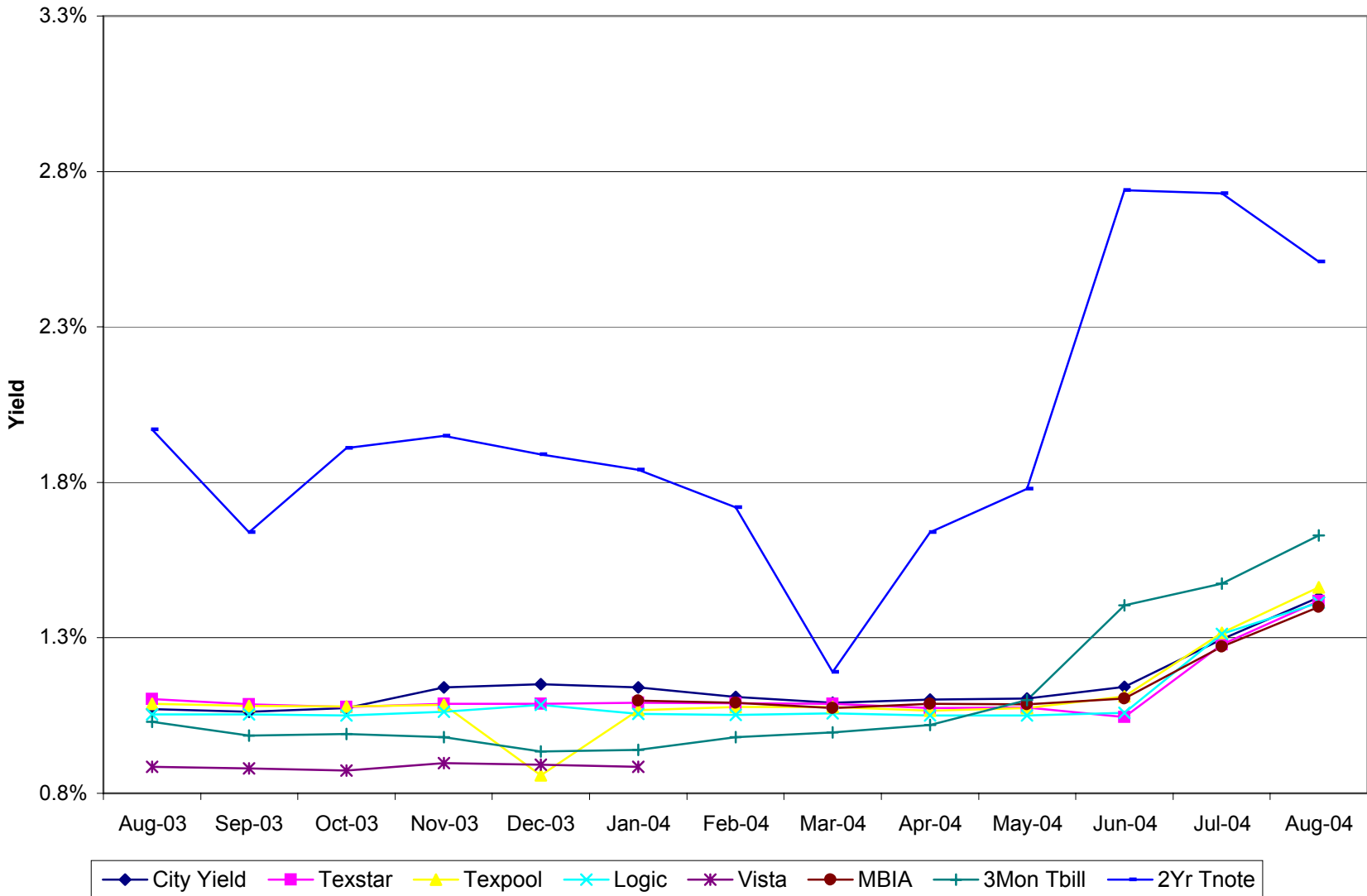
**Portfolio Maturity  
As of August 31, 2004**

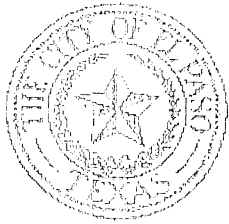


**Treasury Benchmark Yield Analysis**  
**As of August 31, 2004**



## Portfolio Performance Comparison for the Period August 2003 through August 2004





City\_of\_El\_Paso\_2004  
Total Return  
June 1, 2004 - August 31, 2004  
Yield on Time Weighted Value

City of El Paso

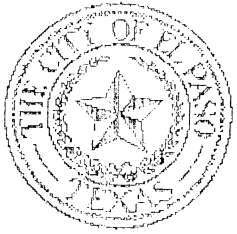
CUSIP	Investment #	Fund	Investment Class	Beginning invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
Issuer: Federal Home Loan Bank												
3134A4TR5	515000039	01	Amortized	5,006,084.76	5,006,084.76	5,004,492.82	05/15/2005	1.750	1.607	21,875.00	-1,591.94	20,283.06
			Subtotal	5,006,084.76	5,006,084.76	5,004,492.82			1.607	21,875.00	-1,591.94	20,283.06
Issuer: Federal National Mortgage Assn												
31359MQJ5	515000041	01	Amortized	2,505,914.92	2,505,914.92	2,503,170.88	12/15/2004	1.865	1.411	11,656.25	-2,744.04	8,912.21
			Subtotal	2,505,914.92	2,505,914.92	2,503,170.88			1.411	11,656.25	-2,744.04	8,912.21
Issuer: Logic Investment Pool												
746000749	5010000007	01	Amortized	268,034.28	268,513.83	268,779.87		1.268	1.225	829.26	0.00	829.26
	5010000008	01	Amortized	0.00	0.00	0.00				0.00	0.00	0.00
			Subtotal	268,034.28	268,513.83	268,779.87			1.225	829.25	0.00	829.26
Issuer: MUNICIPAL INVESTORS SVC CORP.												
TX0103050001	501000007	01	Amortized	68,199,054.65	46,518,970.67	25,362,320.63		1.349	1.173	137,493.76	0.00	137,493.76
			Subtotal	68,199,054.65	46,518,970.67	25,362,320.63			1.173	137,493.76	0.00	137,493.76
Issuer: TEXPOOL Investment Pool												
071031111000	5020000007	01	Amortized	1,506,000.70	3,074,556.90	4,512,015.96		1.256	1.305	10,116.95	0.00	10,116.95
			Subtotal	1,506,000.70	3,074,556.90	4,512,015.96			1.305	10,116.95	0.00	10,116.95
Issuer: Texstar												
746000749	5030000007	01	Amortized	107,802,013.55	108,920,665.25	89,118,330.23		1.376	1.223	335,758.14	0.00	335,758.14
			Subtotal	107,802,013.55	108,920,665.25	89,118,330.23			1.223	335,758.14	0.00	335,758.14
Issuer: Vista Investment Pool												
608352	5060000007	01	Amortized	0.00	0.00	0.00		0.836		0.00	0.00	0.00
332150	5060000008	02	Amortized	3,236,897.81	3,688,468.88	4,235,744.85		1.184	1.053	9,793.09	0.00	9,793.09
			Subtotal	3,236,897.81	3,688,468.88	4,235,744.85			1.053	9,793.09	0.00	9,793.09

City\_of\_El\_Paso\_2004  
Total Return  
June 1, 2004 - August 31, 2004

Page 2

CUSIP	Investment #	Fund	Investment Class	Beginning invested Value	Time Weighted Invested Value	Ending Invested Value	Maturity Date	Current Rate	Total Return	Investment Income		
										Interest Earned	Adjustment in Value	Net Investment Income
			Total	188,524,000.67	169,983,175.21	131,004,855.24			1.221	527,522.45	-4,335.98	523,186.47
							Components of Return:	Interest:	1.231			
								Amortization:	-0.010			
								Market Value:				



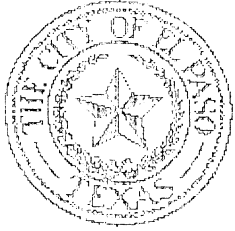


**City\_of\_El\_Paso\_2004**  
**Texas Compliance Summary**  
**Sorted by Investment Type**  
**June 1, 2004 - August 31, 2004**

City of El Paso

**Investment Type**

		Par Value	Market Value	Book Value	Accrued Interest
<hr/>					
Investment Pools					
	Value beginning 06/01/2004	181,012,000.99	181,012,000.99	181,012,000.99	4,914,575.30
	Net Change	-57,514,809.45	-57,514,809.45	-57,514,809.45	288.20
	Value ending 08/31/2004	123,497,191.54	123,497,191.54	123,497,191.54	4,914,863.50
<hr/>					
Federal Agency Coupon Securities					
	Value beginning 06/01/2004	7,500,000.00	7,538,275.00	7,511,999.68	25,388.20
	Net Change	0.00	0.00	-4,335.98	33,531.25
	Value ending 08/31/2004	7,500,000.00	7,538,275.00	7,507,663.70	58,919.45
<hr/>					
Total					
	Value beginning 06/01/2004	188,512,000.99	188,550,275.99	188,524,000.67	4,939,963.50
	Net Change	-57,514,809.45	-57,514,809.45	-57,519,145.43	33,819.45
	Value ending 08/31/2004	130,997,191.54	131,035,466.54	131,004,855.24	4,973,782.95



City\_of\_El\_Paso\_2004  
Texas Compliance Details  
Sorted by Investment Type  
August 31, 2004

City of El Paso

CUSIP	Investment #	Fund	Issuer	Investment Class	Par Value	Maturity Date	Call Date	Current Rate	Market Price	Market Date	Market Value	Book Value
Investment Pools												
746000749	5010000007	01	Logic Investment Pool	Amort	268,779.87			1.268	100.000	08/31/1999	268,779.87	268,779.87
071031111000	5020000007	01	TEXPOOL Investment Pool	Amort	4,512,015.96			1.256	100.000	05/31/2000	4,512,015.96	4,512,015.96
332150	5060000008	02	Vista Investment Pool	Amort	4,235,744.85			1.184	100.000	05/31/2000	4,235,744.85	4,235,744.85
746000749	5030000007	01	Texstar	Amort	89,118,330.23			1.376	100.000	02/29/2004	89,118,330.23	89,118,330.23
TX0103050001	5010000007	01	MUNICIPAL INVESTORS SVC CORP.	Amort	25,362,320.63			1.349	100.000	01/31/2004	25,362,320.63	25,362,320.63
				Subtotal	123,497,191.54						123,497,191.54	123,497,191.54
Federal Agency Coupon Securities												
31359MQJH	515000041	01	Federal National Mortgage Assn	Amort	2,500,000.00	12/15/2004		1.865	100.531	02/29/2004	2,513,275.00	2,503,170.88
3134A4TRB	515000039	01	Federal Home Loan Bank	Amort	5,000,000.00	05/15/2005		1.750	100.500	02/29/2004	5,025,000.00	5,004,492.82
				Subtotal	7,500,000.00						7,538,275.00	7,507,663.70
				Total	130,997,191.54						131,035,466.54	131,004,855.24